

March 5, 1988

To: File

From: Frank Filas 

Re: File Review, M/049/009, Burgin Project, Sunshine Mining Company

Sunshine Mining Company has mined several existing underground mines in the Tintic Mining District since 1982. The mines and associated Burgin Mill are owned by Chief Consolidated Mining Company and leased to Sunshine. A summary of the permitting history for these mines and mill is compiled below.

#### Apex No. 2 Shaft

In August, 1981 Sunshine submitted an NOI to reopen the Apex No. 2 Shaft. After Division review, a revised application was submitted in February, 1982. After further review and modifications, this NOI was approved in May, 1982 and bonded for \$67,572 in September, 1982. The NOI covers approximately 3 surface acres. The \$67,572 bond was later cancelled when a larger bond was posted in 1985 to cover this area and several others.

#### Trixie Shaft Amendment

In May, 1983 Sunshine acquired HMC Mining Co. and the lease for the Trixie Mine. This mine is located approximately one mile southwest of the Apex No. 2 Shaft. Sunshine submitted an ammendment for the 4 surface acres at the Trixie mine site in February, 1984. The mine was put back into production with the Division's permission while the ammendment was reviewed and additional information supplied. This ammendment was essentially complete as of September, 1984. Bonding and public notice for the Trixie was handled as part of a subsequent NOI submitted for the Burgin Mill and Hunter Shaft.

#### Burgin Mill and Hunter Shaft

The Burgin Mill and the old Burgin Shafts are located approximately 1/2 mile northeast of the Apex No. 2 Shaft. In October, 1984 Sunshine submitted an NOI for the existing Burgin Mill (29 acres) and the following proposed developments:

- (1) A 29 acre tailings pond and associated pipeline located approximately 1/2 mile east of the mill.
- (2) Reactivation of 36 acres of water settling ponds to contain mine water discharge from lower regions of the mine.



- (3) The development of a new shaft and facilities buildings called the Hunter Shaft. This development was to be located just north of the Apex No. 2 Shaft and west of the old Burgin Shafts. Projected surface disturbance was 7 acres.

The Burgin Mill and Hunter Shaft NOI was given approval in early 1985. A bond of \$737,000 was posted to cover reclamation of the existing Apex No. 2 Shaft, the Trixie shaft, and the Burgin Mill plus the three proposed developments listed above. This bond was based on securing a metal cover over the existing shafts. The Division insisted that the Trixie shaft be bonded for permanent sealing either by Sunshine or Chief Consolidated Mining. It does not appear that this issue has ever been resolved.

YES RESOLVED  
SEE DGM LETTER 12-14-84

#### Amendment - Tailings Ponds 1, 2, 3, and 4

Kennecott closed their smelter in early 1985. Up to that time, all the ore from the Trixie Mine was shipped to the Kennecott Smelter. Sunshine, in order to keep the mine operating, elected to mill the Trixie ore in the Burgin Mill. An amendment was filed in April, 1985 to build 4 small tailings ponds adjacent to the mill so that the mill could start up.

The Division approved this amendment with the stipulation that an addendum to Exhibit A of the existing surety bond be provided and that the Surety Company be notified of the change. It does not appear that this stipulation was completely complied with.

Sunshine built ponds 2, 3, and 4 immediately east of the mill. Pond 1 which was to be located further to the north was never built. In August, 1985, the Bureau of Water Pollution Control issued a cease and desist order on the No. 4 pond for operating without their approval. The mill has been shut down since that time.

#### Amendment - Tailings Ponds A, B, and C

In December, 1985, Sunshine submitted plans for the building of three additional tailings ponds northeast of the mill (i.e., the same place where Pond No. 1 was proposed to be built). In late 1986, the Division gave verbal approval to this amendment provided that the disturbed acreage would be included in an addendum to Exhibit A of the existing surety bond. Sunshine does not have immediate plans to reopen the mill and therefore will not build these tailings ponds at this time.

#### Current Situation

The Trixie Mine was reopened in October, 1987 and is shipping ore to the Kennecott Smelter. The Apex Shaft, Burgin Mill, and Tailings Ponds 2, 3, and 4 are presently inactive. The proposed Main Tailings Area, Mine Discharge Ponds, and the Hunter Shaft have not been developed. Sunshine Mining Company has indicated that they will develop this site further if the necessary financing becomes available.



The current bond of \$737,000 is far in excess of what would be needed to reclaim the actual disturbed area. The mine and reclamation plan is spread over two NOI's and three amendments which have subsequently been modified and added to through correspondence between the company and the Division. I have added copies of this correspondence to the referenced NOI's and amendments to help clarify the situation. The overall plan is, however, practically undecipherable due to its fragmented state.

#### Recommendation

It is recommended that a single consolidated plan be requested from Sunshine Mining after they reopen the Burgin Mill and associated mines. The bond should be reevaluated at that time also and permanent shaft sealing costs added if deemed appropriate. Asking for this information now would not be productive since Sunshine's future plans have not yet been finalized.

The lack of an addendum to Attachment A of the surety bond and a rider from the insurance company for the tailings ponds approved in the two amendments does not appear to be a major problem. The operator will be reminded again of the need for this material. The proposed rules contain a form called "Exhibit C - Stipulation to Revise Reclamation Agreement". This form could be used to drop the main tailings area from Attachment A and add the smaller tailings ponds in its place.